

Our Basis for Wealth Was Land

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Americans were acutely aware of the commercial and social value of land long before they achieved their independence in the late 18th century. Vast stretches of land, which Americans treated as a commodity, lay beyond the Appalachian Mountains and far into the interior of North America.

Speculators Abounded

Attempts to lay claims to land influenced the course of colonial and early national history as such companies as the Ohio, Transylvania, and Susquehanna carried out surveys, negotiated with Indian tribes, and promoted purchase schemes from the individual colonies in hopes of promoting sales to incoming settlers at handsome profits.

Land and its attendant riches were to prove the great bonanza for those with an entrepreneurial bent as well as the settlers on the land. It represented the riches of British America like the riches of the fur trade in New France and the gold of the New World in the Spanish Empire.

Enduring Form of Wealth

Land proved an enduring and versatile

form of wealth. It persisted from generation to generation. When its fertility declined, Americans sought new lands in the West. The quest for new lands was hurried along in part because of wasteful, improvident land use that valued labor more than land. The value attached to these new lands turned them into a source of capital for a wide variety of developmental needs.

Land values provided social overhead capital in governmental services—capitol buildings, prisons, mental asylums, common schools, universities. For economic development they provided town sites, underwrote internal improvements, rewarded military service, backed local bank credit, and subsidized water projects, mining, grazing, lumbering, immigration, and the development of the farm unit itself.

Cultural Adversaries

Although the lands ceded by the States to the Confederation government during the Revolution were long regarded as a vast revenue source for the central government, they were not unoccupied. Numerous native American tribes lived upon the land.

To occupy it, Euro-American farmers had to displace them in a struggle that pitted an agricultural and potentially urban industrial society against a hunter-gather culture that did not regard land as a commodity.

A plentitude of land gave the U.S. Government the options of offering reservations and after the purchase of Louisiana in 1803 the removal of the tribes to the tractless expanses beyond the Mississippi.

The land from which tribes were removed East of the Mississippi was not land bought by the United States at great expense. After victory in the Revolution, the Nation considered itself the ultimate owner of the land. Indians enjoyed the rights to use the land until those rights might be negotiated away, purchased, or seized as punishment for Indian war. While one might argue the legitimacy and morality of this view, the Nation was in possession of a landed inheritance that could be turned into instant capital for the development of states, roads, canals, railroads, and a myriad of other projects related to American growth, expansion, and modernization.

From revolutionary times onward, land bounties were used to induce soldiers to serve and reward them after their service. Generous land legislation lured settlers to the Oregon country to make more secure American claims against the British.

Source of Capital

Foremost, land was a boon to the agriculturalist, but its benefits did not stop with yeoman farmers. The land

and the wealth it represented and produced helped speed the country along the road to commercialism and ultimately to an urban industrial society. The accumulated capital represented by this landed heritage and its shrewd transformation into the production of other types of wealth meant that the United States could avoid long periods of self-sacrifice and denial in the accumulation of capital necessary for urban industrialization.

In classic Marxist terms it provided the "primitive accumulation" of capital for which other societies were required to make great sacrifice in terms of human energy, freedom, and consumer goods. On the other hand, the land did absorb so much of American energies that industrialized development was possibly slowed. Still it eventually produced a labor force that flocked to the cities along with overseas immigrants to industrialize America.

It Generated Freedom

In a sense the land enabled the United States, in the words of political scientist Louis Hartz, to be "born free"—free of a social and economic system that confined privilege and deference to the few in possession of the limited amount of land available. With unlimited land possibilities, positions of privilege were within the reach of greater numbers.

Some called it democracy. This did not mean that wealth, security, and position simply came for the asking. Many times the land sales methods excluded those without capital, saddled



Land grants to railroad companies for building railroads to the Pacific after the Civil War spurred the development of internal transportation. This 1867 wood engraving shows the building of the Union Pacific Railroad in Nebraska. (Library of Congress, LC-USZ62-43322)

some with enormous debt making them prey to fickle market conditions, and ground others into poverty because the products of the land were insufficient or not marketable.

Despite its many risks, land settlement and development went forward on many fronts expanding rapidly in boom times and faltering after the bubble burst. In this process of “alienating the public domain,” the National Government used lands to direct social development, political expansion, stimulate conservation for resource use, and provide social overhead capital for new State institutions.

Statemaking

Statemaking was an expensive process. In the Enabling Acts that created new

State governments, Congress granted lands for building State capitol buildings, prisons, public asylums, and in 1841 granted lands for internal improvements. These lands were not designated at a specific sight where the structures were to be built, but were granted to States to sell for revenues to underwrite social overhead capital improvements.

From the beginning of American land legislation in the Land Ordinance of 1785, the Nation pledged Section 16 of each township to the States for common schools, and later in 1841 section 36 was added. With the enactment of the Morrill Act in 1862 land grants were made to States for the financing of colleges and universities. For Eastern States without public lands, tracts of land in Western States



Homesteaders rush for land at the opening of the Cherokee Strip in Oklahoma on September 16, 1893. (Library of Congress, LC-USZ62-801, on-the-spot sketch by H. Worrall)

were consigned to be sold under this act for land-grant colleges in the East.

Lands for Individuals and Corporations

While lands helped to finance the structure of State government and the expensive tasks of education, land also was received directly into the hands of individuals and corporations. Land grants to railroads to build rails to the Pacific after the Civil War extended huge land subsidies to railroad companies.

In spite of the corruption, this was one of the most effective internal development programs that the Federal Government inspired in the 19th century. It was the highpoint of government use of land to underwrite internal transportation development. In turn, railroad companies used land to entice immigrants and underwrite their transportation. The land values served to back the notes of many banks underwriting a liquid form of exchange that would not have otherwise been available.

Whether land should be cheap or even free to those who would settle it or priced according to market forces for governmental revenue had long been a standing debate between the East and the West. Westerners and cheap land advocates achieved a major victory with the Preemption Act of 1841. The cost of already settled land was fixed at \$1.25 an acre for up to 160 acres of land removing it from the bidding process. This freed "squatters" from the threat of bidding on land they had improved guaranteeing to them 160 acres of land at minimum government prices.

Not until 1862 was the long-awaited Homestead Act passed. It gave 160 acres of free land to heads of households who settled and lived on it for 5 years and paid a \$10 filing fee. With 160 acres of land available each under the Homestead Act, the Preemption Act, and the 1873 Timber Culture Act, an individual could possess 480 acres of virtually free land from Uncle Sam after the Civil War.

Some have argued that the land subsidy to American farmers in the 19th century justified government programs of agricultural subsidies in the 20th century, because government was somehow obligated to continue what it had started in the earlier century.

Still, the availability of larger land units did not make for more successful land use in the arid West. John Wesley Powell said in his *Report on the Lands of the Arid Regions of the United States* in 1878 that land units should be no less than 2,560 acres located according to the contours of the land in valleys and along water sources for economically viable ranches and farms. In 1877 Congress made its ultimate and rather unsuccessful effort to adjust land policy for the arid area when it passed the Desert Land Act offering parcels of 640 acres of free land to individuals who would build irrigation systems for the land.

Land for Townsites, Minerals, and Grazing

Urban Development. Congress also used lands to subsidize urban development. It extended the idea of preemption to town sites in 1844 by using land to subsidize the development of trade centers and even mining towns in 1863. The Townsite Preemption law of 1844 permitted town dwellers to develop town lots without immediate purchase. They could be assured of their town lots at a minimum price when survey occurred and when it became necessary to obtain a patent on the lots they had improved. Subsequently in 1863 a

Townsite Preemption Law addressed the problem of establishing mining towns permitting preemption of town lots, but denying the right to the ownership of minerals in the land.

Precious Metals Free. Also the minerals of the public lands, particularly the precious metals of gold and silver, were offered free including generous land grants for mining and mill sites. The precious metals industry enjoyed a special status and protection on the public domain that promoted its quick development under the mining acts of 1866, 1870, and 1872. These minerals were literally a gift to whomever discovered them and boon to their development.

Free Grass. If mineral resources were a gift to the miner and certainly to the mining corporation, so was the open and free range a gift to stock grazers. The Cattle Kingdom of the Great Plains from 1867 to 1887 thrived on the free grass of the unclaimed public domain. After disastrous reductions in herds because of severe winters, drought, and overgrazing, ranchers and stock corporations continued to use the free and open range from their home ranches acquired under the various land acts from the Civil War to the Stockmen's Homestead Act of 1918 that granted 640 acres of free land for ranching.

Land for Conservation and Reclamation

With the coming of the conservation movement in the 1890's, the Federal Government set aside millions of acres of public land from entry and claims

to promote conservation, especially the conservation of forests. The reserved forest lands that eventually became National Forests protected forest resources such as timber, forage, and watershed.

The objective was to promote their long-term use for economic benefit by applying scientific management. Conservation policies furthermore were to insure the continued vitality of industries and communities dependent upon the renewable natural resources that these lands produced and harbored. Use of the resources, except water, was predicated on payment for the resource. Still the payment, especially for forage, was below market value and continued to be a subsidy to the stock industry on both forest lands and public lands administered by the Grazing Service after 1934 and the Bureau of Land Management after 1946.

Another aspect of the conservation

movement was the establishment of National Parks. These scenic wonders, Yellowstone and Yosemite to name but two, preserved and exalted wilderness beauty underwriting the appreciation of wild beauty and eventually the development of a tourist industry in these regions.

After the beginning of the 20th century, in the 1902 National Reclamation Act Congress applied revenues from sales of western lands to the building of western irrigation projects for arid land farming. Clearly this was a subsidy to western water projects, reservoirs, irrigation ditches, and dams that produced hydroelectric power, much of which came on line in time for World War II industrial needs.

Thus, from the earliest times of the republic down to the needs of urban 20th century America, landed resources have served the developing dynamics of a modernizing society.